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C O N F I D E N T I A L SECTION 01 OF 03 KATHMANDU 000949

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TAGS: [ASEC](#) [CASC](#) [ETRD](#) [NP](#) [PTER](#)

SUBJECT: NEPAL: MAOISTS EXPAND ATTACKS ON BUSINESSES,
INCLUDING SOME IN THE TOURIST SECTOR

REF: A. A) 03 KATHMANDU 2020

[B](#). B) 03 KATHMANDU 2042

Classified By: Charge d'Affaires Janet Bogue for reasons 1.5 (B, D).

SUMMARY

1. (U) Since the beginning of May, the Maoists have renewed their rhetoric, threats and sabotage against prominent businesses in Nepal. On May 3, the Maoist-affiliated All Nepal Federation of Trade Unions issued a statement blacklisting twenty-three businesses. The statement, although not widely circulated (only excerpts have been published in Maoist-leaning newspapers), charges the industries with unfair labor practices. Two of the listed industries, Moondrops and Roli Garments, have recently been bombed by the Maoists. Of particular note, Colgate Palmolive (100 percent owned and operated by Colgate Palmolive-India) was included on the Maoist's blacklisted industries. In addition, within the past two weeks the Maoists detonated bombs at two tourist hotels and abducted five tourist industry entrepreneurs, two of whom were subsequently killed. There are rumors of unspecified Maoist action against the tourist sector scheduled for June 7-9 to be followed by a nationwide Maoist strike ("bandh") on June 10-12. The Embassy, however, has been unable to confirm this report.
END SUMMARY.

BLACKLISTED INDUSTRIES

2. (C) On May 3, the Maoist-affiliated All Nepal Federation of Trade Unions issued a statement and a list of twenty-three blacklisted industries and businesses. Apparently excerpts of the statement were published in Maoist-leaning, Nepali-language newspapers during the weeks of May 3 and May 10. To date, the list has not been widely circulated or published in its entirety. On May 17, the General Manager of Colgate-Palmolive notified the Embassy that his company had appeared on the list. (Note: the local plant, which produces toothpaste, is 100 percent owned and operated by Colgate-Palmolive (India). END NOTE)

3. (U) The translated statement alleges that the blacklisted industries "have been exploiting, suppressing, and torturing the laborers." The statement does not include direct threats of pending action against these listed industries. However, two of the industries have recently been bombed by the Maoists: Moondrops, a manpower employment agency with connections to the royal family, was bombed on May 10 and Roli Garments Factory was bombed on May 16. Both bombings were in Kathmandu.

4. (U) The twenty-three blacklisted industries include:

IN KATHMANDU

- Hotel Soaltee
- Moondrops
- Kiran Shoes
- Group 4
- Nebico Biscuits
- Aqua Hundred Mineral Water
- Roli Garment
- Balkrishna Garment
- Amadabalam Trekking
- Trolly Bus Transportation

IN LALITPUR

- Sangai Group
- Alina Garment
- Sajha Transport

IN BHAKTAPUR

- Pashupati Spinning Mills
- Riddhi Samriddhi Textile
- Logo Garment
- Myshop Pvt. Ltd.

IN HETAUDA

- National Soap
- Laxmi Lime
- Colgate Palmolive
- Shanti Vegetable Ghee
- Surya Nepal, Ltd.

IN PARSA

-- Jyoti Group

15. (SBU) COMMENT. While many are manufacturing companies, some are particularly noteworthy.

-- Hotel Soaltee: A four-star hotel located in Kathmandu, the Soaltee is among the royal family's business holdings. The hotel has a management contract with Holiday Inn Crowne Plaza. The Soaltee Group, which is the parent company, is the Nepali partner with a U.S. company in the Bhote Koshi Power Company.

-- Moondrops: A manpower agency specializing in sending Nepali workers to South Korea. The owner of the agency is Pukar Rana, a distant relative of Princess Himani. On 10 May, the Maoists detonated a bomb at Moondrops' office, located less than a kilometer from the Embassy.

-- Group 4: The local subsidiary of the multinational security company that provided the U.S. Embassy's contract guard force until 31 August 2003. It still provides contract guards for many diplomatic missions and private expat residences in Nepal.

-- Aqua Hundred Mineral Water: Drinking water distributor which supplies various diplomatic missions, including the U.S. Embassy, and also Government Ministries.

-- Roli Garment: On May 16, Maoists detonated a bomb at the Roli Garment Factory, located across the street from the Coca-Cola Bottling factory in the Balaju industrial estate in Kathmandu.

-- Pashupati Spinning Mills: Victim of two Maoist bomb attacks, allegedly because they have not conceded to Maoist extortion demands. The first attack was in November 2000; the second, in September 2003, caused significant damage, forcing the mill to close completely.

-- Trolley Bus Transportation: A state-owned government enterprise which first started operations in 1975 with Chinese assistance. The company operates electric buses.

-- National Soap: Nepalese manufacturer of Unilever soap products.

-- Colgate Palmolive: the local plant, which produces toothpaste, is 100 percent owned and operated by Colgate-Palmolive (India).

-- Shanti Vanaspati Ghee: The factory falls under the auspices of the Salt Trading Company of which late-Princess Shanti Shah was a major shareholder.

-- Jyoti Group: Prominent family business house in Nepal. Roop Jyoti is a member of the National Assembly, the Upper House of Parliament.

16. (C) During a phone conversation with Econoff on May 17, the general manager of Colgate Palmolive expressed surprise and concern when he heard from Colgate's employees that the company had been listed by the Maoists. According to the GM, although the company experienced a labor dispute in October 2003 (NOTE: This is the same timeframe that the company received an extortion demand of approximately USD 20,550 and threats from the Maoists (REF A & B). END NOTE), the dispute was amicably resolved in November. He said that the company had not received any threats from the Maoists since the plant reopened in November 2003. In fact, neither Colgate management nor its labor union were contacted by the Maoists about being included on the blacklisted industries list. The GM contacted civilian authorities and was told that plain clothes police would be increased around the factory. However, the GM said he "has no way to verify this." The Embassy plans to check with police contacts to verify this information.

17. (C) Sanjay Dugar, CEO of Aqua Hundred Mineral Water, told Econoff that he had received harassing phone threats and extortion demands (amounting to approximately USD 4000) from the Maoists and was told not to deliver water or work during the Maoist strike ("bandh") on May 18-20. He added that police sources had told him that they had reason to believe that his company may be targeted by the Maoists, especially if he defied the bandh. Interestingly, Dugar referred to a subsequent call from an administrative officer at the Home Ministry, a client of Aqua Hundred, who told Dugar that the delivery "should proceed as scheduled" despite the bandh or the company would "lose its contract." (NOTE: The police report to the Home Ministry in the Nepalese government hierarchy. END NOTE.)

RECENT TARGETING OF TOURIST INDUSTRY

18. (U) Despite repeated assurances that they would not target Nepal's struggling tourist sector, the Maoists reneged with recent, visible and high-profile attacks on two tourist hotels and by murdering two tourist entrepreneurs. In March 2004 rumors surfaced that the Maoists planned action in the tourist sector for June 7-9 preceding a nationwide strike set for June 10-12. The Embassy has not been able to verify this information but will provide further details as they become available. If this information is confirmed, the Embassy will issue a warden's message.

18. (U) FISHTAIL LODGE, POKHARA: On May 14, the Maoists forced the mostly Indian tourists staying at the Fishtail

Lodge in Pokhara to leave the premises and then detonated a bomb, which according to police reports from the incident, caused approximately USD 40,500 in damage. The Maoists allegedly targeted Fishtail Lodge because of its connections to the royal family (NOTE: The lodge was owned by the late-Princess Jayanti, killed in the royal massacre in June 2001. END NOTE) The Embassy has confirmed that there is no American investment in the property. The lodge is run by a trust, and proceeds provide medical treatment to children with heart disease. No injuries were sustained in the attack, and to the Embassy's knowledge, there were no Americans staying at the lodge at the time of the attack.

9. (U) HOTEL GAIDA, CHITWAN: On May 17, the Maoists detonated a bomb in a hotel storeroom at the Hotel Gaida Wildlife Camp in Chitwan. This is the second time that the Maoists have targeted the hotel. (NOTE: The first attack occurred in October 2003 (REF A). END NOTE) According to news reports from the event, approximately 42 tourists (mostly Indians and Chileans) were staying at the hotel when the incident occurred. However, the damage was not discovered until the next morning; reports indicate that at the time of the blast most "were enjoying a dance party." The hotel is owned by Dipak Bikram Shah and Prabhu Shah, distant relatives of the King. To the Embassy's knowledge, there were no Americans staying at the hotel at the time of the attack.

10. (U) GHANDRUK (located north of Pokhara): On 10 May, the Maoists reportedly abducted five prominent tourist entrepreneurs from Ghandruk and later murdered two of the hostages. (Ghandruk is located north of Pokhara and is a trekking stop on the Annapurna circuit.) To date, the remaining three hostages have not been released. According to news reports, Pokhara over the past two weeks saw a 90 percent drop in arrivals as a result of the frequent politically-motivated strikes ("bandhs") and transport stoppages.

COMMENT

11. (C) Businesses, including Nepal's tourist industry, are already hurting from recurrent bandhs, transport blockades and chronic political instability. Given the recent Maoist campaign of violence, it seems unlikely that the business community will be spared during the upcoming monsoon season. The Maoists seem to be intensifying their rhetoric, threats and sabotage against the only thing--other than remittances from abroad -- keeping the Nepalese economy afloat. END COMMENT.
BOGUE